

Banking and Financial Services

Market Description (The Prospect):

- ▶ The Banking and Financial Service sectors provide significant opportunities for Document Imaging software and hardware including document scanners as this market is currently paper driven and prospects are looking for ways to improve their existing manual processes.

- ▶ This sectors includes numerous prospects including the following:
 - Large banks,
 - Community banks,
 - Credit unions,
 - Brokerage firms,
 - Accounting firms,
 - Financial investment firms, and
 - Check cashing facilities.



Business Drivers:

- ▶ The banking and financial service sectors have relied heavily on microfilm technology to image business documents and checks. Today these organizations are seeking technological advancements to replace out of date and inefficient microfilm. Service contracts for microfilm are almost cost prohibitive today so alternative technology, such as document imaging, is in high demand.
- ▶ The worldwide web is the dominant means of information access and delivery. The internet is a dominant and viable means of business communication. Banking and financial service organizations are looking for ways to leverage the internet to accelerate their business processes.
- ▶ Banking and financial service is an extremely competitive business. In recent years there have been numerous acquisitions in an effort to eliminate competition and expand customer base. In this competitive industry the bank or financial service organization that is first in service will often get the business. For example, the bank that processes your loan application the fastest will likely be the bank that wins your business. Banks and financial service organizations are looking to apply technology to process documents faster, to improve internal operations, to improve customer service and to expand their competitive advantage.
- ▶ Many banks and financial service organizations have branch offices in major metropolitan areas such as Shanghai, Tokyo, New York and Los Angeles. The cost for office space in these areas is extremely expensive. These organizations are looking for ways to reduce physical storage costs by eliminating storing paper-based documents.
- ▶ In a time when there is a worldwide economic slowdown, all organizations today are looking for ways to cut costs, to do more with less resources and in general to streamline their business operations.
- ▶ Due to recent corporate improprieties, the banking and financial service sectors are subject to numerous guidelines established by regulatory bodies such as the Security and Exchange Commission, the Ministry of Finance, and the International

Accounting Standards Committee. These guidelines define how banking and financial service organization must manage their business information.

- An example of this can be found in a U.S. regulatory guideline referred to as Gram-Leach-Bliley. In section 12 CFR Part 30 it states “each bank shall identify reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of customer information or customer information systems.”
- The highly visible Sarbanes-Oxley Act requires banks and financial service organizations to have an audit committee to validate the accuracy of their financial reports. The Chief Executive Office of these organizations is held personally responsible for the accuracy of their data. Stiff fines and prison terms have been imposed for fraudulent entries and the intentional disposition of business documents.
- Central to these guidelines are three things:
 - Data accessibility,
 - Ensuring the privacy of customer information, and
 - The physical protection of data.
- As a result these organizations are looking for technology that can help them manage data more efficiently, that can track access to data, and to ensure the physical protection of data should they need to recover from any type of data storage disaster.
- These organizations are looking not only for a return on the investment but they are also concerned with the *total cost of failure*.

The Financial Document Imaging Solutions:

- ▶ The solution to help banks and financial service organizations to address these business drivers is Enterprise Content Management (ECM), including the critical document imaging component, as it enables them to capture, manage, store, preserve and deliver information and documents related to business and organizational processes.

- ▶ Selected ECM technologies that are particularly beneficial for the banking and financial service sectors include the following:
 - **Forms processing** for processing documents associated with loans for new cars or mortgages. Forms processing can be used to scan and extract data from either typed or handwritten text. Advances in this technology allow organizations to process forms with either structured or unstructured data. Implementing this technology for transaction processing can reduce cycle time from weeks to literally hours.
 - **Archive and retrieval** can assist by converting paper-based document such as customer records, human resource records, signature verification cards, safe deposit contracts, and wire transfer documents into electronic documents that can be archived. These electronic documents can be searched and retrieved for viewing or printing. Accessing electronic documents is much faster enabling bank and financial service organizations to be more forthcoming with their business information to assist with regulatory compliance.
 - **Document distribution** can be used to electronically distribute documents using the internet eliminating the time and resources required to fax documents. Additionally, this can be used for redundant off-site storage to ensure the physical protection of data.
 - **Enterprise Report Management**, formerly called Computer Output to Laser Disk (COLD), can be used to move data off of expensive host computers into Local and Wide Area Networks where supporting paper documents can be scanned and managed with this data.
 - **Business Process Management**, formerly call Workflow, can be applied to automate business processes by routing electronic documents to appropriate departments or individuals to expedite the approval processes.
 - **Image Enable Software**, gives banking and financial service organizations the ability to add scanning and document management functionality to existing line of business applications and business processes such as teller and mortgage lending processes. This gives them the ability to implement document imaging without having to change the way employees are use to doing their jobs.
 - The recent Check 21 initiative, making an Image Replace Document the legal equivalent has escalated **Check/Remittance Processing** for banks, financial service organizations and retail stores. These organizations are looking for scanning technology in order to image the check at the earliest stage of the process. This may include at tellers station or even at check out facilities in retail and grocery stores.

The Benefits:

- ▶ Implementing document imaging technology in the banking and financial service sectors can yield many benefits such as:
 - ***Faster access and retrieval*** of documents associated with customers, employees, and transactions to improve customer service and expand their competitive advantage.
 - ***Track access and manage information more efficiently*** to assist with regulatory compliance guidelines for protecting and ensure the privacy of information.
 - ***Leverage the internet*** to enable better business to business communication and better business to consumer communication.

Return on the Investment:

- ▶ In addition to the business improvement benefits there are many tangible returns on the investment banking and financial service organizations will achieve from implementing document imaging. These include the following:
 - ***Cut costs*** associated with the labor required to manage paper-based transactions. In many cases organizations have increased productivity with the equivalent or less staff members.
 - Another major cost savings is associated with the ***reduction of physical office space*** by eliminating storing paper documents. Many investment firms have been able to facilitate additional brokers by using the space previously occupied by filing cabinets.
 - By reducing processing time organizations can ***increase the volume of transactions and revenue***. This also facilitates ***improved customer service and overall customer satisfaction***.
 - As a result of managing their business information more efficiently, these organizations can be more forthcoming with their business documents to assist with regulatory compliance. This ***reduces their risk of potential fines and penalties***.
 - The ultimate ROI is the result of redundant off-site storage ***ensuring business continuity should they experience any type of data storage disaster***.

Strategic Software Partners:

- ▶ Our document scanners are a critical component in addressing the myriad of application needs in the banking and financial service sectors. Complimenting our hardware to make a complete solution are a number of strategic software partners including some of the following (list is not all inclusive):
 - **Kofax (Dicom):**

Kofax is the world's leading provider of information capture solutions. No other company has the same global reach, depth of experience or breadth of technology devoted to capturing vital business information — from VRS (VirtualReScan®) and Adrenaline® for maximizing scanning productivity and quality, to the powerful Ascent® platform for automatically transforming document and forms into retrievable information.
 - **Captiva:**

Captiva has a broad range of products targeted at optimizing the delivery of information across the enterprise and into today's sophisticated information systems. Ranging from low volume, desktop products to high-volume, enterprise-level products, Captiva's offerings have a common mission: relieve the burden organizations face feeding the information-intensive systems faster, more cost effectively and with greater accuracy.
 - **Hyland:**

OnBase®, developed by Hyland Software, is enterprise content management software that combines integrated document management, business process management and records management in a single application. Whether deployed as a hosted or premises-base solution, OnBase allows organizations to automate business processes, reduce the time and cost of performing important business functions, improve organizational efficiency, and address the need for governance, risk and compliance through the management and control of content from virtually any source. OnBase also facilitates the sharing of digital content with employees, business partners, customers and other audiences.
 - **FileNet:**

FileNet, the leading provider of Enterprise Content and Business Process Management solutions, enables the world's leading companies and government agencies to streamline and automate their business processes, access and manage all forms of content and automate records management to help meet compliance needs.

- ***AnyDoc Software:***

AnyDoc Software provides the full spectrum of automated solutions for all document and data capture needs. AnyDoc Software's suite of products eliminates the need to manually enter the valuable data off the millions of paper documents — forms, invoices, etc., received daily at organizations worldwide.

AnyDoc Software offers:

- Scanning software — local and remote
- Forms processing — structured and unstructured
- Document imaging — storage and retrieval

- ***Tokair:***

Tokairo is a United Kingdom based company that is a specialist within the document management and workflow market who have developed the TokOpen document management software suite. TokOpen is a powerful portfolio of document capture and management products that tightly integrate with your existing systems and business processes. TokOpen is a scalable solution that can be implemented into a department or rolled out throughout the enterprise.

Market Potential

- ▶ Market data for the overall potential of Enterprise Content Management is very diversified. There are several studies indicating the market is healthy but there is tremendous discrepancies in the size of the market.
 - A recent study by the Gartner Group (used by AIIM) indicates the market is 3 billion.
 - AMR Research predicts the overall information technology opportunity created by the need for compliance will reach 80 billion over the next five years. The banking and financial service sectors are most impacted by the need for regulatory compliance.
 - A study by AIIM International indicates the Compound Annual Growth Rate for the combined Banking and Financial Service Sectors is 51% of the overall market.

Supporting Case Study — American Savings Bank of NJ:

As reported by Champion Workflow Systems, Inc.

What started out as a microfilm replacement project has blossomed into a bank-wide opportunity to increase customer service and improve internal operations. American Savings Bank of NJ is a \$350 million community bank with offices in Bloomfield and Cedar Grove, NJ. While the bank has experienced substantial growth in recent years, it has maintained its hallmark personal customer service. The search for a microfilm replacement originally was a minor technology initiative. Where that initiative has led — and where it continues to lead — is a testament to the imaginative use of information technology.

Champion Workflow Systems, a system integrator, based in Bloomfield, New Jersey was broadly experienced in imaging and electronic document management systems. They proposed a solution tailored to American Savings objectives. The central technology selected was the TokOpen Electronic Document Management System from Takairo, Inc. According to Champion's president, Gary Loew, "TokOpen offers all of the functionality that a bank needs to stay competitive. We can integrate TokOpen with any Windows application in the bank, thus "image enabling" all of the tools used by tellers, customer service representatives and mortgage lending representatives.

TokOpen uses the familiar file cabinet metaphor for document storages. Users can access file drawers containing "PendaFlex" folders, nested manila folders, and documents from any of their existing line of business applications.

Paper-based documents are captured with Fujitsu ScanPartner and fi-4120 series scanners.

Applications to date that American Savings has applied the combined Takairo and Fujitsu solution to address include:

- ▶ Signature Cards for Transaction Verification,
- ▶ Redundant Off-Site Storage for Disaster Recovers, and
- ▶ Transaction processing for Mortgages.

Future applications the solution will be applied to address include:

- ▶ Safe Deposit Contracts and
- ▶ Wire Transfers.

American Savings Bank has reported numerous returns on their investment including:

- ▶ A reduction in the time to access documents from hours to seconds,
- ▶ Access to images that are always legible,
- ▶ Improved customer service,
- ▶ Data protected for business continuity, and
- ▶ Access to information more quickly to assist with regulatory compliance.

Other Resources of Information:

The following web sites have been beneficial in the research of this report and may prove beneficial for further research on this subject:

- ▶ The Banking Administration Institute: www.bai.org
- ▶ The Association of Information and Image Management: www.aiim.org
- ▶ The Association of Records Management Professionals: www.arma.org

Periodicals referenced include:

- ▶ Business Solutions Magazine
- ▶ eDoc Magazine
- ▶ Document Imaging Report
- ▶ Bank Technology News
- ▶ Faulkner and Gray Report

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